



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410


www.legis.wisconsin.gov/lab

Toll-free hotline: 1-877-FRAUD-17

Joe Chrisman
State Auditor

DATE: April 22, 2014

TO: Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

FROM: Joe Chrisman
State Auditor 

SUBJECT: Proposed Audit of Unemployment Insurance Claims Processing

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of Unemployment Insurance claims processing.

Wisconsin's Unemployment Insurance program was enacted in 1932 and was the first such program in the United States. The program, which is accounted for in the Unemployment Reserve Fund, is managed by the Department of Workforce Development (DWD) and temporarily provides benefits to replace a portion of wages lost when individuals become unemployed and meet certain eligibility requirements. Administrative costs of the Unemployment Insurance program are funded primarily by federal grants that are accounted for in the State's General Fund. At the request of DWD, the Legislative Audit Bureau has historically conducted financial audits of the Unemployment Reserve Fund. The most recent financial audit was published as report 13-9.

Unemployed individuals may file initial benefit claim applications either by telephone or the internet. Unemployed individuals then are typically required to contact a call center operated by DWD's Division of Unemployment Insurance, which verifies certain information and establishes the individual's eligibility and weekly benefit payment amounts. Subsequently, eligible individuals file weekly benefit claims either by telephone or the internet.

In 2012, 618,592 initial claims were filed for unemployment insurance benefits. In summer 2012, and as reported by DWD in its *2013 Annual Report*, a backlog of more than 10,000 non-automated claims had developed with a wait time of 12 weeks or longer. DWD reports that it eliminated the backlog and reduced the wait time to a maximum of four days. In 2013, 552,185 initial claims were filed for unemployment insurance benefits.

Concerns have arisen about the management of claims processing. An audit of unemployment insurance claims processing could include a review of:

- the process used by unemployed individuals to file claims, including the timeliness and responsiveness of call centers operated by DWD's Division of Unemployment Insurance;
- DWD's efforts to address issues related to non-automated claims;
- cases in which a claimant has appealed a decision related to benefits, including reasons for appeals, timeliness, and disposition; and
- the steps DWD has taken to reduce improper benefit payments, including its efforts to recoup such payments.

I hope you find this information helpful. If you have any additional questions, please contact me.

JC/sw

cc: Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator John Lehman

Representative Howard Marklein
Representative John Nygren
Representative Jon Richards
Representative Melissa Sargent

Reggie Newson, Secretary
Department of Workforce Development